



City Of Gary
Department of Finance

401 Broadway
Gary, Indiana 46402
(219) 881-1363 / Fax (219) 881-1340

December 30, 2008

RUDY CLAY
Mayor

GERALDINE B. TOUSANT
Deputy Mayor

M. CELITA GREEN
Director of Finance

KAREN TINSLEY
Interim Deputy Director of Finance

Chris Atkins
General Counsel and Policy Director
Indiana Office of Management and Budget
Indianapolis, IN

11:27 am

Dear Mr. Atkins:

Pursuant to your request per Rule 5 of the DUAB Administrative Policies and Procedures, we are submitting the following:

- Exhibit A
 - Letters of Support for the Mayor's Budget Proposals 2009-2012
 - Editorial Support from the Post-Tribune and Times Newspapers
 - Petition for Support for Mayor's Budget Plan
- Exhibit B
 - City of Gary to Participate in Fuel Hedging Program to reduce risk
- List of Witnesses
 - Councilman Kyle Allen, City Council Vice President
 - Police Chief Reginald Harris
 - Commander Cooros-Police Dept
 - Fire Chief Jeffery Ward
 - Firefighter Joe Jamrock
 - Rev. Isaac Culver, President of the Baptist Ministers Conference
 - Rev. Dwight Gardner, Pastor-Trinity Church
 - ASCME-Local 52, David Warrick or Lettie Oliver
 - SEIU - Lorenzo Crowe
 - Barbara Leek, Gary Community School Board Member
 - Joel Rodriguez, City of Gary Economic Development
 - Jackie Drago-Hunter, Gary Community Development
- Power Point Presentation

We are requesting to present Opening Remarks from Mayor Rudy Clay-City of Gary, followed by remarks from the Finance Chair-City Councilwoman Mary Brown; after which the Power Point will be presented.

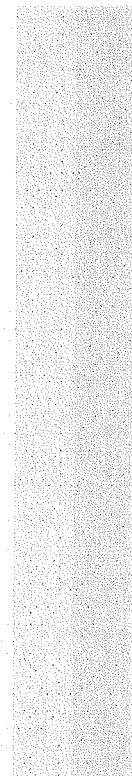
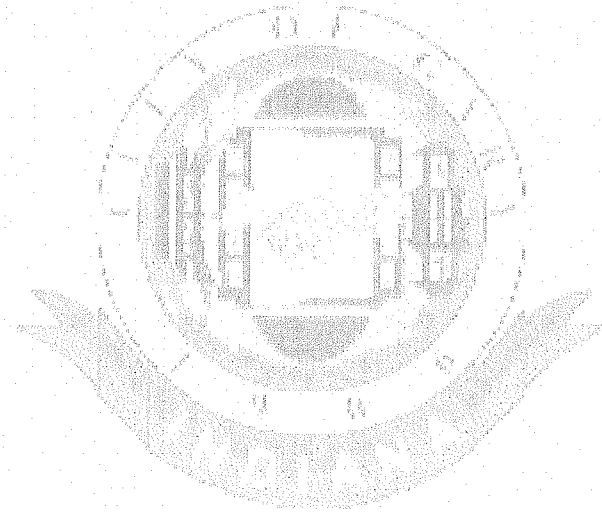
Please contact me at (219) 881-1363 or cgreen@ci.gary.in.us, with any additional request. Thank you.

Sincerely,

M. Celita Green, MBA
City Controller

Copy: Mayor Rudy Clay
Deputy Mayor Tousant
Arlene Colvin, Chief of Staff

EXHIBIT B



Celita Green

From: Seidel, Jon [JSeidel@Post-Trib.Com]
Sent: Friday, December 26, 2008 4:36 PM
To: Celita Green
Subject: Fuel Hedging

Celita,

City Hall was closed when I came back Wednesday, the roads were awful Friday, and I'll be out of the office all of next week. Hope this electronic version of the story works.

J.

<http://www.post-trib.com/news/lake/1342164,ggas.article>

Gary could hedge bets on gas for its fleet Recommend (2) Comments

December 21, 2008
By Jon Seidel
Post-Tribune staff writer

GARY -- A statewide fuel hedge program being considered by the Gary City Council would help the city manage its budget in 2009, but it could also mean gambling on the price of gas. Fluctuating fuel prices often wreak havoc on government budgets as planners are forced to predict the cost of gas several months in advance.

Dan Huger, executive director of the Indiana Bond Bank, called his agency's hedge program a "budgeting tool" that takes unpredictability out of the equation.

"They're not going to have to worry about this huge volatility," Huger said.

Cities that participate would lock themselves into a predetermined price for gas in 2009.

If Gary enrolls, Huger said, the city would be able to purchase its gas anywhere, for any price. If that price is above the hedge price, Huger said, the city would be reimbursed for the extra money it paid by the bank financing the hedge program.

However, if the city buys gas at a lower price, he said, it would have to write a check back to the bank for the amount it saved.

"If you budgeted \$3 a gallon," Huger said, "you're basically going to be flatline with your budget."

There might be no better time to enter into a hedge program, Huger said, because of the way fuel prices have fallen nationally.

"We think we're at the bottom of the trough as far as where fuel prices are," Huger said. "We are at a very opportune time to enter into some hedging."

Indianapolis participated in a hedge program this year, Huger said, and about a dozen Indiana cities are expected to participate in 2009.

Next year's hedge price hasn't been set yet. Huger said it will be determined by Indiana Bond Bank Chairman Richard Mourdock and Bond Bank advisers Crowe Horwath LLP, Barnes & Thornburg LLP and Chicago-based Maverick Energy Consulting.

If the price turns out to be unacceptable to Gary, Huger said, it could decline to

participate after enrolling.

"I don't believe that any entity is locked into it," Huges said.

The City of Gary filed a petition last week to the Indiana Distressed Unit Appeals Board seeking relief from property tax caps that could cause major shortfalls in its 2009 budget.

Gary promised in its appeal to participate in the program, and it predicted an annual savings of \$300,000. The city plans to spend \$528,000 on gas in 2009, according to its budget.

As gas prices were nearing their peak this year, Mayor Rudy Clay said his city was spending about \$30,000 weekly in gas. The mayor tried to limit use of the city gas pumps to police and firefighters, but city records show several other employees continued to fuel up.

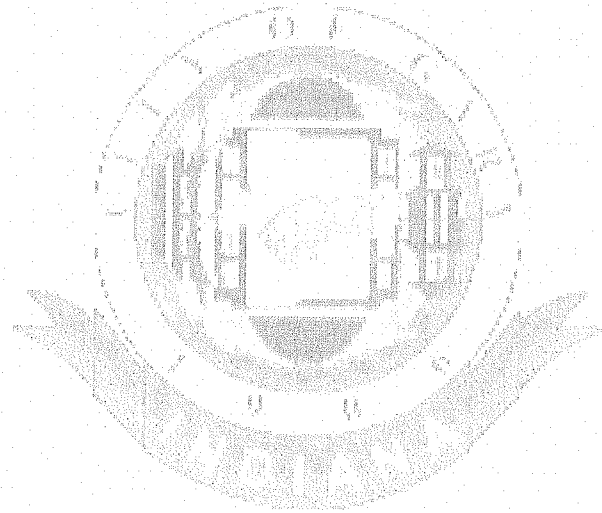
No plans have been announced to limit the use of municipal vehicles by employees in 2009.

Before Gary can participate in the fuel hedge program, it must be authorized to do so by the City Council. That legislation was introduced to the council this week.

The council's finance committee is scheduled to consider that resolution at 5:30 p.m. Dec. 30. at City Hall. A final vote could be taken Jan. 6.

Contact Jon Seidel at 881-3148 or jseidel@post-trib.com.

EXHIBIT A





CITY OF GARY
Department of Public Parks & Recreation

Rudolph Clay
Mayor, City of Gary

Caren Jones
Superintendent

Geraldine B. Tousant
Deputy Mayor

December 30, 2008

Distressed Unit Appeals Board
C/O Office of Management and Budget
200 West Washington Street, Room 212
Indianapolis, IN 46204

Re: City of Gary and included Taxing Units
Letter of Support

Dear Members of the Board:

I am writing to ask you to support the City of Gary Distressing Unit Filing for 2009. The city's plan calls for numerous cuts in The Park Department budget which will diminish the quality of life for the citizens of Gary. We are cutting our budget from approximately \$2.4 million to \$1.2 million. Ninety-seven seasonal positions are being eliminated from the department's budget. Also, six of 12 park pavilions will be closed and six of eight swimming pools will be closed in the summer. Reorganization is necessary to implement for future cuts in our tax levy.

The community connection runs through the city parks, pools and recreational programs. Parks and Recreation is a "must have" for any community. The City of Gary is no different. It is documented that well maintained parks and community centers contribute to safer cities. The City of Gary can not afford the luxury of a stagnant and idle community. Our mental and physical health is dependant upon a safe city that works hard and plays hard.

I think that it is important that the Distressed Unit Appeals Board take into consideration the local newspapers (The Times and Post -Tribune) editorials dated December 15, 2008 in support of "scrutinize Gary's Finances carefully" and "lend Gary a hand". It will benefit the community at large by giving us the opportunity to reorganize our finances in a timely fashion and assist in maintaining proficient city services for citizens in Gary and the entire Northwest Indiana region.

Thank you for your consideration in this matter. Please contact me at (219)886-7099 if I can be of any further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Caren Jones". The signature is written in black ink and is positioned above the printed name and title.

Caren Jones, Director
Department of Public Parks

December 29, 2008

To: The Distressed Unit Appeals Board

My name is Quilla Young and I am the Director of The Youth Services Bureau for the City of Gary, Indiana. I am writing to address the Distressed Unit Appeals Board in request for financial assistance to the City of Gary.

I am aware of the tax reductions that exist due to decades of loss revenue from Steel Companies, property tax caps, foreclosures city wide, and losses in business tax revenues.

However, there is a significant reality that still exists: The children and families of Gary must survive this financial crisis. **Our children, if they are our future, must be provided with the necessities of life.** For example, education, community services (Police and Fire) as well as Youth Services are needs that must not be compromised during these tough economic times. If we are to reduce the crime rate (juvenile delinquency, homicide, ect.) School dropout rate, and other social ills we must receive financial assistance for the City of Gary. Our children must be educated and feel safe and secure in their community.

Sincerely,

Quilla Young, Director
Youth Service Bureau

12/30/2008



CITY OF GARY
DEPARTMENT OF PLANNING &
DIVISION OF ZONING

RUDOLPH CLAY
MAYOR

GERALDINE B. TOUSANT
DEPUTY MAYOR

CHRISTOPHER A. MEYERS
DIRECTOR

401 Broadway, Suite 303
Gary, Indiana 46402
(219) 881-5090 voice (219) 882-7371 fax

30 December 2008

Distressed Unit Appeals Board
Office of Management and Budget
100 North Senate, N-1058B
Indianapolis, Indiana 46204

Dear Board Members and Staff:

I am writing today in reference to the City of Gary's tax appeal before you and your staff.

As the City of Gary provides for the public welfare and safety of its citizens through various programs, initiatives, and projects that are based upon tax residuals received from our tax payers, projected tax residuals and associated budgets for the coming years will not allow for the operation of municipal government. Without relief from the Board, unprecedented cuts will have to take place across all departments; thus adversely affecting municipal operations, revenue generation, municipal safety and welfare, and the continued development of our city.

With tax caps that do not reflect a national average on property values and land uses, the City of Gary will be forced to offer sub-standard, skeletal services or possibly even less to our citizens, businesses, and those who possibly will be interested in developing here.

In the City's submission to the Board, it is projected that without any relief, more than half of municipal departments and staff will be terminated and removed from the budget. The City of Gary has a population close to 100,000. Nowhere else in the State of Indiana or our Nation is there a city of comparable size that is currently operating with such minimal staff and restrictive budgetary restraints. With limited projected staffing and municipal budgets, the City will no longer be able to capture development. Moreover, with budgets that allow only for skeletal staff and no local matches, projects will no longer be able to be developed or sought. Projects that bring both short and long-term developmental benefits to the City such as ones that rehabilitate and expand local roadways, that bring new technologies to our departments and public safety providers, that open up our lakefront for new uses, that reuse existing buildings, etc. will no longer be sought. Such losses of various grant programs and infrastructure improvements will further decimated our City.

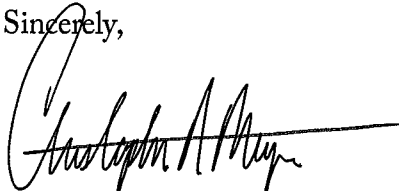
Now is a crucial time for Gary. The Department of Planning & Division of Zoning continually receives interest from developers and assists developers with their intended plans for development. The Department has recently finalized our Comprehensive Plan for the next 20 years. This plan is critical as it lays out development and future land uses. In order for the plan to come to fruition and to court further development of our industrial, commercial, residential, and recreational resources, Gary needs to be able to operate and provide both developmental services and public safety. With the projected lessening of our tax residuals, such operations will not be possible.

For your records, the Department of Planning & Division of Zoning has operated with four employees during the last several years: 1 Director, 1 Zoning Administrator, 1 Administrative Assistant, and 1 Zoning Enforcement Officer. Comparable cities with such duties have larger and more diverse staff including employees for graphic information systems, enforcement, preservation activities, grant writing, etc. Our current skeletal staff does perform many of these tasks and much more. During the first round of tax difficulties in 2001 to 2003, the former administration cut the Planning Department and merged it with Zoning. With current projections developed by Policy Analytics and Controller Celita Green, the department will further be consolidated with the Building Department. Further consolidation, in my opinion, will hamper development, overload existing staff, and create an inefficient municipal arm.

With all of the facts in mind, I humbly request that the Distressed Unit Appeals Board seriously consider measures to protect the municipal operations of Gary. If no relief is offered either through a minimum half percent modification in tax structures listed in HEA 1001 for multi-unit, commercial, and industrial property taxes or via a re-assessment of industrial user taxes, then the State of Indiana will be required to step in and provide services listed under Indiana Code. I hope that for the sake of Gary, its citizens, businesses, and our Region, the Distressed Unit Appeals Board will provide reasonable relief and allow for continued municipal operations during these difficult economic times.

I greatly appreciate the opportunity to present the items contained within this letter and the due consideration of the Board.

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher A. Meyers". The signature is written in a cursive style with a long horizontal line extending to the right.

Christopher A. Meyers
Director



City of Gary
Department of Community Development

839 Broadway, 3rd Fl, Suite 302N · Gary, IN 46402
(219) 881-5075 Phone – (219) 881-5085 Fax

RUDOLPH CLAY
Mayor
GERALDINE TOUSANT
Deputy Mayor

JACQUELYN DRAGO-HUNTER
Director

INNER DEPARTMENTAL COMMUNICATION

TO: Mayor Rudolph Clay
Deputy Mayor Geraldine Tousant
Atty. Arlene Colvin, Chief of Staff
Ms. Celita Green, City Comptroller

FR: Jacquelyn Drago-Hunter, Director
Community Development

RE: Foreclosure Information/ City of Gary
Tax Distress

RECEIVED

DEC 22 2008

MAYOR'S OFFICE

Date: December 23, 2008

In an effort to assist with the Petition for Distress in the City of Gary, I have Gathered the following information:

1. Recent article in the Post Tribune, December 21, 2008 stated "Indiana ranks fifth in home foreclosures". In reading this article the CITY OF GARY, topped the list in Northwest Indiana for home foreclosures. **Gary, a City with a population of approximately 99,000 people experienced 1,705 home foreclosures!** (See attached article- Source National Foreclosure listing service Realty Trac).

This static alone spells "DISTRESS". When you continue and factor in the fact that an additional 9.31 percent of all loans were past due by at least 30 days: those homeowners are already facing a credit scoring problem due to the delinquencies and will probably become unable to refinance; Mortgage companies have yet to actually reach agreements with regard to modification of these mortgages; and the mortgage lending market for all intent and purposes is frozen, we now see the Titanic emerging. If we are to avoid the consequences of the Titanic we must act immediately.

We would further note that surrounding communities, with populations of ½ to 1/5 of the size of Gary do not compare with the number of foreclosed properties.

This directly impacts the ability to collect tax revenue. In some cases the mortgage companies may pay the taxes, however, due to the mortgage crisis and secondary lenders actually going under, some taxes may not be collected for up to three (3) years. In Lake County, Indiana, it is only after the second full year of non-payment of taxes that the property is placed on county tax sale. In some cases the homeowners are in Bankruptcy which further delays the collection of taxes.

2. To compound the foreclosure/tax collection situation further, the City of Gary is facing a crisis with regard to vacant and abandoned properties. Blighted structures have continued to become a problem especially given the tax collection problems within the County. These blighted structures pose a danger as well as a crime element. They must be demolished. However, with tax revenue going to maintain police and fire personnel, emergency personnel and other city services, there is little remaining to accomplish this task.

The City of Gary receives Community Development Block Grant funds (CDBG), however, these funds cannot all be earmarked for demolition. Again this leaves the City in even more Distress. (See Hammond Times/ Blighted Structures in Gary 12/21/08).

3. Additional Data gathered from the National Stabilization Data Bank (NSP) from the Office of Housing and urban Development revealed the following:

Gary estimate foreclosures	1,900
East Chicago	453
Griffith	283
Hammond	1,912
Highland	352
Hobart	644
Merrillville	943
Munster	263
Whiting	97

Also USPS Administration (United States Postal Service) provides data to the Government with regard to total residential addresses in the City of Gary by Census tract; total business addresses; total vacant residential addresses and total vacant business addresses. In view of this information, combined with the fact that real estate property in Lake County, Indiana is two full years delinquent before certification for tax sale; and provided said real estate is "sold" at tax sale, leaves the City of Gary in a situation of distress and need of assistance. (See USPS Chart)

The City is not without plans to address this distress. The City has received 3.8 million

Dollars from the NSP Grant for acquisition, rehabilitation and resale of foreclosed, vacant and abandoned properties. The City is currently in the process of seeking Federal funds for assistance with demolition of blighted structures across the City. The NSP funds will begin the process of placing some properties back on the tax rolls. While tackling this problem appears to be monumental we understand the current 42 properties slated in this program is the beginning of the process. We believe Distress assistance is necessary to keep our City on track to recovery.

Sure hope this information is useful in presentation with regard to the Distress Board, and can be utilized to demonstrate our movement towards continuing to tackle to building of our tax base from residential to business.

I will continue to work on any additional information you require if you need same from Assistance with this aspect.

December 29, 2008

To: The Distressed Unit Appeals Board

My name is Quilla Young and I am the Director of The Youth Services Bureau for the City of Gary, Indiana. I am writing to address the Distressed Unit Appeals Board in request for financial assistance to the City of Gary.

I am aware of the tax reductions that exist due to decades of loss revenue from Steel Companies, property tax caps, foreclosures city wide, and losses in business tax revenues.

However, there is a significant reality that still exists: The children and families of Gary must survive this financial crisis. **Our children, if they are our future, must be provided with the necessities of life.** For example, education, community services (Police and Fire) as well as Youth Services are needs that must not be compromised during these tough economic times. If we are to reduce the crime rate (juvenile delinquency, homicide, ect.) School dropout rate, and other social ills we must receive financial assistance for the City of Gary. Our children must be educated and feel safe and secure in their community.

Sincerely,

Quilla Young, Director
Youth Service Bureau

12/30/2008

December 29, 2008

To the Distress Unit Appeal Board,

I am appealing to you not only as the Executive Manager of the City of Gary owned Genesis Convention Center, but, also, as a citizen who has resided in Gary for twenty years.

The challenges which Gary has faced over the years, tho devastating, have been met and to date we, as a city, have survived. These have included businesses leaving the city, reduction in the work force in the steel industry, abandoned properties, decrease in population numbers and rise in crime. Perhaps the one issue that most negatively affected Gary is the drastic and unjust reduction of taxes to be paid by U.S.Steel. This coupled with reassessments that left home and small business owners unable to pay forcing further foreclosures, abandonments, and business closings compounded an already challenging economic situation.

The passage of HB1011, however, is a blow too big for the city to handle all at one time.

I believe that the gradual reductions in operational costs and the shift of some costs to other entities inclusive of privatization as outlined in specific detail by Mayor Clay, Controller Celita Green and others who aided in the formulation of the plan submitted to the Distress Unit Appeal Board, address what we, the city of Gary, are able to do immediately and can phase into the future. I believe the plan to be well thought out, fact based, and sound.

The city employees under my supervision accepted a 20% pay cut (4 day week) as they all knew it must be done. They have accepted that there have been and will be no pay increases for the immediate future, in spite of higher food, housing and utility costs. They support the city in its efforts to provide the best possible services within the constraints of an already reduced budget. They continue to provide the clients and customers of the Genesis Convention Center with a quality product and good service, and this in spite of increased work loads and decreased benefits. They are committed to the city in which they live and work.

I, as the Executive Manager of the Genesis Center, and perhaps more importantly as a homeowner and citizen of Gary ask all who serve on the Distress Unit Appeal Board, to review the appeal as presented by the City of Gary and take a serious look at the consequences if relief is not granted.

Sincerely,

Patricia T. Wagner, Executive Manager, Genesis Convention Center

12/30/2008

December 29, 2008

INDIANA DISTRESSED UNIT APPEALS BOARD
Indiana Office of Management and Budget
200 West Washington Street, Suite #212
Indianapolis, Indiana 46204

Dear Sir or Madam:

The City of Gary's Department of Redevelopment and its' Commission was concerned to hear about the devastating option of cutting the City of Gary's budget by such exorbitant measures under I.C. 6-1.1-20.36 To cut a city government's budget in half will drastically affect the city's opportunities for economic growth, above all, the City of Gary. Obviously, the Department of Redevelopment and its Commission rely heavily on the City of Gary for supportive services and incentives for development opportunities, and without that support, efforts in fostering housing and economic development will become slim to none.

As the Department of Redevelopment's budget has been cut as well, in making the adjustments, we would rely even more on various services provided by the City of Gary. Those service would include first and foremost, legal services for the development activities which require legal council to ensure the proper operations, for the Commission; advertisement of bids for the sale of city-owned property, Unsafe Building Hearings, and other legal aids; property insurance for a portion of the numerous city-owned parcels, repairs and/or replacement of antiquated office equipment.

We are one of the few Redevelopment Departments in the nation that directly aligns itself with its City Municipality to generate and promote development throughout the city. As a quasi governmental agency we depend on not only the administrative support of city government, but essentially, on the basic ground level incentives such as infrastructure, community parks and pavilions, to include public transportation, and police and fire protection all being imperative to luring developers to the city.

For all intensive purposes House Bill 1001 will worsen the state of City of Gary by causing a lesser tax base collection due to the decline in even the current residency rate. This would include commercial/retail and industrial occupancy, as well as residential. Therefore, we would employ you to take some other measure.

It is with great anticipation that the Distressed Unit Appeals Board shows favor to the appeal for relief from City of Gary's Municipality, and grant their request as presented.

Sincerely,

Vanesse Dabney
Executive Director

Cc: Honorable Mayor Rudolph Clay
Board of Redevelopment Commission
Atty. Gilbert King, Commission Attorney

12/30/2008

December 29, 2008

To: The Distress Unit Appeal Board
From: Chief Jeffrey Ward
Gary Fire Department

To Whom It May Concern:

The Gary Fire Department is charged with protecting a population of over 100,000 people in a 56 sq mile area. We are one of the busiest fire departments in the state with over 7,000 Fire calls and approximately 18,000 EMS calls per year. Firefighters assist EMS on most EMS calls.

The fire department is not only the first line of defense for Gary, we are the only line of defense when it comes to Fires, Natural or Man Made disasters, or Acts of Terrorism. When I became Chief in October of 2006 I had a roster of 286 firefighters out of a 290 man budget. Today, due to retirement and resignations my roster is down to 241 firefighters. I am budgeted for 256 firefighters for 2009 and I need to fill these positions but with Gary's current financial crisis I don't expect to get them. I now have one fire station closed and several stations operating at half strength. If I loose the projected 74 firefighters in 2009 the fire department will not be able to properly serve and protect the citizens of Gary. We will also not be able to properly assist the thousands of people that use the highways and railroads to travel through Gary. Loosing any more firefighters will create a very dangerous situation for Gary and loosing 74 firefighters will devastate the Gary Fire Department.

Jeffrey Ward

A handwritten signature in black ink that reads "Jeffrey Ward". The signature is written in a cursive style with a large initial "J".

Fire Chief



RUDOLPH CLAY
Mayor

DEPARTMENT OF PUBLIC WORKS

GERALDINE B. TOUSANT
Deputy Mayor

Rinzer Williams, III, J.D.
Director

December 29, 2008

To: The Distressed Unit Appeals Board

Allow me to begin by introducing myself. My name is Rinzer Williams, III, J.D. I am the Director of the Department of Public Works for the City of Gary. I have held said position since October, 2006. Upon my arrival, the transparency of the daunting task that this administration faced was axiomatic, yet attainable. For example, within the Department of Public Works, there had not been any infrastructure projects undertaken since the spring of 2005. Also our sewers were and remain in great need of repair and several city buildings were barely habitable.

As if this were not enough for the current administration to inherent, we were also faced with the impact of HB1001 coupled with the County Council's ineptness not to pass the 1% income tax. While I can surely appreciate the state's frustration and reluctance to assist the City of Gary, I pray the Distressed Unit Appeals Board equally appreciates that the current economic woes of the City of Gary are not contributed to any actions or inactions taken by the current administration. Additionally, it is my hope that the Board recognizes that failure to assist the City of Gary in a time of economic duress would bring about great devastation to the City of Gary and systematically shut down one of the states most historic cities.

Furthermore, not to give the current administration ample time and resources to correct the fiscal irresponsibility attributed to that of the past administration would be unconscionable and would be a grave disservice to the electorate who have placed their trust in the current administration. Franklin D. Roosevelt put it best when he stated, "One of the duties of the State is that of caring for those of its citizens who find themselves the victims of such adverse circumstances as makes them unable to obtain even the necessities for mere existence without the aid of others.... To these unfortunate citizens aid must be extended by government—not as a matter of charity but as a matter of social duty."

Sincerely,

A handwritten signature in black ink that reads "Rinzer Williams, III".

Rinzer Williams, III, J.D. Director
Department of Public Works and Safety



City of Gary

RUDOLPH CLAY
Mayor
GERALDINE B. TOUSANT
Deputy Mayor

DEPARTMENT OF TRAFFIC CONTROL
900 Madison Street • Gary, Indiana 46402
(219) 881-5280
Fax (219) 880-2059

FELIX V. REALEZA
Traffic Engineer

December 29, 2008

To: The Distressed Unit Appeals Board

Please listen to my call for help! As City Traffic Engineer, I can attest firsthand to how vital money is in the effort to safeguard the City against lawsuits from possible litigation due to failed traffic signal lights/ devices in traffic safety. To elaborate, the City of Gary's Traffic Budget is solely responsible for the maintenance of *all* regulatory signs, traffic lights, street lighting, roads, alleys, and accident prevention mechanisms such as the barricading of impassable streets (especially when flooding is a problem), erecting traffic signage when needed, and responding to other unforeseen calamities including potholes and broken and damaged sidewalks. But without the necessary monies, the most basic traffic safety services will be difficult if not impossible to provide.

In addition to providing said maintenance of traffic devices, the City *manages* the sidewalks, alleys, roads/ streets on a basis of reasonable expectation and with the present 135 traffic- controlled signalized intersections and of approximately 426 miles of city-maintained streets with installed stop signs, both must be continuously and completely maintained.

Along the same lines, providing general lighting is a preventive measure to crime that the City of Gary underutilizes because of inadequate funding. Sufficient lighting means motorists can drive safely, pedestrians can walk safely, and residents can feel safer entering and leaving their homes.

I urge the Distressed Unit Appeals Board to provide the City of Gary with the desperately needed funding to not only sustain our streets but to make urgently needed repairs and perform routine maintenance. Otherwise, the cost to combat the liability will likely exceed not only the Traffic Control budget but the overall City budget as well.

Please help us.
Sincerely,


Felix V. Realeza, Traffic Engineer
City of Gary



CITY OF GARY

LAW DEPARTMENT

401 Broadway • 4th Floor

Gary, Indiana 46402

(219) 881-1400 / Fax (219) 881-1362

RUDOLPH CLAY
Mayor

GERALDINE B. TOUSANT
Deputy Mayor

HAMILTON L. CARMOUCHE
Corporation Counsel

JEROME M. TAYLOR
City Attorney

Dated: December 30, 2008

To the State of Indiana Appeals Board:

Dear Sirs/Madams:

We urge you with humble hearts and caring spirits to hear our call for monetary support. The City of Gary is in dire need of relief. Faced with a bleak economic outlook, the City of Gary like Wall Street and the automobile industry needs a stimulus to offset its poor housing markets, and decreasing tax base. Remember also that the City of Gary had been a struggling city long before this downturn. Inasmuch as there have been some glimmers of improvements in the city's infrastructure and the removal of blighted buildings, we are still fighting for survival.

We are now facing our hardest challenge: How does the City of Gary maintain its essential city services such as public safety and fire prevention while still keeping a foothold on improving the quality of life for its citizenry? The answer cannot be found in our existing budget, because the money is just not there.

For example, the Law Department which I am a represented member acts not only to defend the city from future liability, but it is tantamount to an insurance department. This means that the City of Gary is self-insured and must have adequate funds every year to defend the thousand or more of lawsuits that have been filed each year in our department. In addition, there are existing settlements and judgments that are court ordered to be paid. On average each year, our judgment account (approximate amount of \$500,000) is all but depleted by the time the first quarter has ended. Oftentimes, the Law Department is operating at a deficit to pay its judgments and settlements.

Considering the source, we need money—NOW! It's not even feasible to look at the alternatives, because there just isn't any to consider at present.

Sincerely,

Hamilton L. Carmouche
Corporation Counsel
City of Gary Law Department



G A R Y , E A S T C H I C A G O , H A M M O N D
EMPOWERMENT ZONE

December 30, 2008

State of Indiana Distress Unit Appeals Board
Attn: Stephanie Russo, Executive Assistant
Office of Management and Budget
200 W. Washington Street, Suite 212
Indianapolis, Indiana 46204

To whom it may concern:

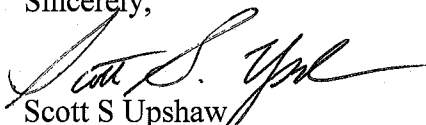
The Gary, East Chicago, Hammond Empowerment Zone is in full support of the City of Gary receiving relief from the Distress Unit Appeals Board. The primary function of the Empowerment Zone is to foster economic development through business development and access to capital for small business. As a repercussion of the proposed tax cuts, the City of Gary may have to cut their civil services employees, including police officers and firefighters. This will be a deterrent to attracting new businesses and encouraging existing businesses to expand. Furthermore, the anticipated financial woes that will cripple the City have already created anxiety among investors and developers. This will have a significant long term effect on the future tax revenues that the City of Gary will be able to collect.

By not allowing the City of Gary additional time to become reorganized, the efforts of organizations like the Empowerment, to revitalize Gary, will go in vain. Since our designation, the Empowerment Zone has provided funding to several projects in the City of Gary that will be adversely affected by city's inability to reorganize. The ground work that the Empowerment Zone has done for the past 9 years will be wasted along with millions of dollars that were invested throughout Gary. We submit that the DUAB should be very mindful of these organizations and the impact of their programs in lieu of the proposed tax cuts.

With the help of DUAB, the City of Gary can prepare to soar above the doldrums of the current financial dark cloud that was created over the past 20 years.

If the Empowerment Zone can provide any further assistance please do not hesitate to contact our office.

Sincerely,

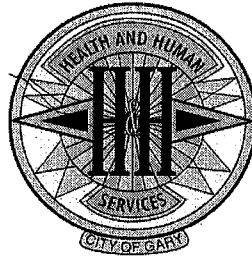

Scott S Upshaw
Executive Director

839 Broadway, Ste. S 202, Gary, Indiana 46402
Phone 219.886.9047 Fax 219.886-9051
www.gechezone.com



RUDOLPH CLAY
Mayor, City of Gary

GERALDINE B. TOUSANT
Deputy Mayor, City of Gary



CITY OF GARY
HEALTH & HUMAN SERVICES

RICARDO C. HOOD, MD
Health Commissioner

SHIRLEY J. HAWKINS
Executive Director

December 29, 2008

Honorable Rudolph Clay, Mayor
City of Gary
401 Broadway
Gary, IN 46402

To the Honorable Mayor, Rudolph Clay:


The Department of Health and Human Services (Gary Health Department) and the Gary Health Board fully support the City of Gary's application to the Indiana Distress Unit Appeal Board, seeking relief from the 1 percent cap on property tax.. We further support the City's request to raise property taxes and given additional time (until 2012) to make the drastic budget reduction being sought by the State.


As it now stands, the stated \$31.9 million revenues allocated to the City of Gary, will totally cripple the operations of many city departments. As a city we are already faced with increased crime and economical instability. Ensuring public safety is not optional. We had long dealt with a legacy of decay, neglect, misappropriation, and financial setbacks. Gary must continue to function and maintain the health and wellness of those who choose to make Gary their home.

The cost of living steadily increases—every increase requested by NIPSCO and other utility companies have been granted. The cost of food and medical care has sky rocketed. This factor alone causes our citizens to look to the Health Department for services they can not afford . Our controller continues to seek out ways of containing costs and increasing revenues. For a time we had casino revenues that could be used for emergency purposes, that is now tied up in legal deliberation.

Again, we fully support the efforts of the City Gary and a successful outcome.

Sincerely,


Ricardo C. Hood, MD
Health Commissioner


Shirley Hawkins
HHS Executive Director



CITY OF GARY

DEPARTMENT OF ECONOMIC DEVELOPMENT

401 Broadway, Suite 300

Gary, Indiana 46402

(219) 881.1310 voice (219) 882-7371 fax

JRodriguez@ci.gary.in.us

RUDOLPH CLAY
MAYOR

GERALDINE B. TOUSANT
DEPUTY MAYOR

JOEL RODRIGUEZ
SPECIAL ASSISTANT TO THE MAYOR
DEPARTMENT OF ECONOMIC DEVELOPMENT

12/29/2008

To: The Distressed Unit Appeals Board

I am pleased to learn that you are in the forthcoming process of reviewing the City of Gary's distress package. As you already know, we are with the impact of HB1001 coupled with the County Council's ineptness not to pass the 1% income tax. It is my hope that the Board recognizes that failure to assist the City of Gary in a time of economic duress would bring about great devastation to the City of Gary and systematically shut down one of the state's most historic city.

Our departments have assisted many businesses with location, Zoning, Business Permits, and Licenses that has jump-started many businesses to Gary, Indiana.

This letter will serve as our invitation for you to establish a positive approval for the Distress Unit Board in working with Gary, Indiana in this important matter.

Sincerely,

Joel Rodriguez
Special Assistant to the Mayor
Economic Development



City of Gary
Department of Planning
ZONING DIVISION
401 Broadway, Suite 304
Gary, Indiana 46402
(219) 881-1332 / (219) 886-0817 fax

RUDOLPH CLAY
MAYOR

GERALDINE B. TOUSANT
DEPUTY MAYOR

JAMES D. CRAIG
ZONING MANAGER

December 29, 2008

Indiana Distressed Unit Appeals Board
Indianapolis, Indiana

Dear Sirs:

The City of Gary due to the CAP on Property Tax will be brought to near collapse without the help from this Board, our Governor, and State Legislators. The amount of taxes collected would severely limit our ability to serve our citizens and taxpayers.

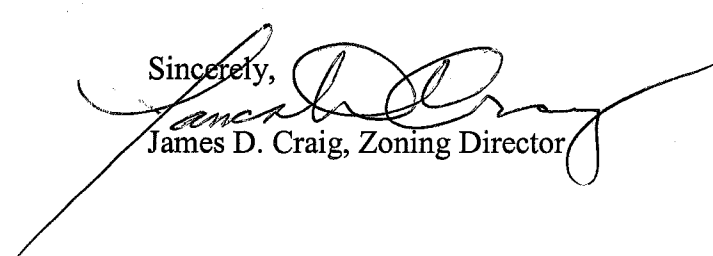
This Department has cut back to a four-day pay week, reduced staff by 25% and continues to do without certain essential supplies.

Our Department is one of a very few agencies who directly serve homeowners, businesses and the general public both in the office and at their site and/or property. Furthermore, land cannot be transferred, licenses cannot be issued and buildings cannot be used until Banks and certain State Agencies receive a report from our Zoning Office.

The recent flood is an example of our duty and commitment to the Citizens of Gary. As part of our First Response Team, we were there, at rivers-edge, in the air over the Levee System and inside damaged homes.

We ask for relief to continue what Gary Citizens deserve and expect.

Sincerely,


James D. Craig, Zoning Director



Rudolph Clay
Mayor

City of Gary
YOUTH SERVICES BUREAU

455 Massachusetts Street
Gary, Indiana 46402
Telephone: 219-881-5270
Fax: 219-881-5266



Quilla Young
Director

December 29, 2008

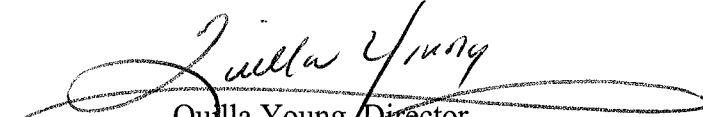
To: The Distressed Unit Appeals Board

My name is Quilla Young and I am the Director of The Youth Services Bureau for the City of Gary, Indiana. I am writing to address the Distressed Unit Appeals Board in request for financial assistance to the City of Gary.

I am aware of the tax reductions that exist due to decades of loss revenue from Steel Companies, property tax caps, foreclosures city wide, and losses in business tax revenues.

However, there is a significant reality that still exists: The children and families of Gary must survive this financial crisis. **Our children, if they are our future, must be provided with the necessities of life.** For example, education, community services (Police and Fire) as well as Youth Services are needs that must not be compromised during these tough economic times. If we are to reduce the crime rate (juvenile delinquency, homicide, ect.) School dropout rate, and other social ills we must receive financial assistance for the City of Gary. Our children must be educated and feel safe and secure in their community.

Sincerely,


Quilla Young, Director
Youth Service Bureau

Member Indiana Youth Services Association* An Equal Opportunity Employer and Service Provider

*Partially Funded By:
US Dept of HUD CDBG
Indiana Dept of Education

December 29, 2008

To Whom It May Concern:

I am writing as both a citizen and employee of the City of Gary, Indiana. As you are aware, the City is currently struggling with the fact that they are required to make \$30 million dollars worth of budget cuts over the course of the next two years. I feel that these cuts have got to be implemented slowly over time.

I have read in the news that some Gary citizens have written letters asking that the property tax cap remain in effect. Unfortunately, these citizens have a very limited scope of view. In short, they are unable to see the big picture. While there is initial excitement at the idea of a lower property tax bill, many citizens have not considered the fact that a massive amount of people (including safety personnel such as Police Officers and Firefighters) will most likely have to lose their jobs. This will result in numerous Gary residents becoming jobless and perhaps homeless. The depression and despair that can result from major stressors like these often lead to higher crime rates. The crime rate in Gary, Indiana has decreased significantly since the 1990's, but these progressive strides simply cannot continue with cuts in the Police and Fire Department. The majority of the Citizens of Gary, Indiana are hard-working, God-fearing people. In fact we are stronger than most. We deserve protection in the form of Police and Fire. We deserve job security. We deserve the chance to strive.

If you look back over the history of The City of Gary you will find that in the 1960's racial tensions caused many affluent citizens to move their businesses out of the big city, thereby triggering a loss of jobs. Many people were forced to move in order to survive. In addition, the U.S. Steel mill layoffs had the same affect. The population of Gary has gone from 128,000 in 1980 to under 100,000 in 2003. A loss of almost 30,000 people has been detrimental to the City. Fewer people means fewer property tax dollars. Fewer property tax dollars means Gary has even less money to pay for the things it NEEDS.

Last month U.S. Steel laid off 75 more workers in Gary. This fact coupled with the layoffs the City will be forced to make is devastating. History has shown that job loss such as this leads to a decrease in population and an increase in crime. While these are things that are harmful to any city, they are disastrous to a city that is finally on a path of recovery. The residents of Gary, Indiana are strong, prideful people. While others fled, we decided to stay and fight for our community. It is this strength that is lowering the crime rate. It is this strength that allows us to celebrate the centennial. It is this strength that deserves to be recognized.

Until now, Gary has had to survive with increasingly smaller residents. This means that those of us who have chosen to stay, have chosen to help support our city. We do this because our city helps support us. While these property tax caps are being implemented in across the county, Gary is the city that simply cannot afford it. While the decision has already been made, we MUST be given a chance! Spreading these budget cuts over the course of four years rather than two will give us the opportunity to ease into the

adjustment. Drastic changes in a short amount of time are what caused Gary's initial problems. We are just now beginning to rise from the dust. We are just now beginning to thrive. . We simply need more time. While we reluctantly accept these changes, implementing them quickly will destroy what is left of Gary, Indiana. Please give us a fighting chance.

Sincerely,

A handwritten signature in cursive script that reads "Jamal Washington". The signature is written in black ink and is positioned above the printed name.

Jamal Washington



City of Gary
BUILDING DEPARTMENT
401 Broadway Room 307
Gary, IN 46402
(219) 881-1377
Fax: (219) 881-1425

RUDOLPH CLAY
Mayor
GERALDINE B. TOUSANT
Deputy Mayor

BENJAMIN ROBINSON
Building Commissioner

December 29, 2008

To: The Distressed Unit Appeals Board

Please allow me to introduce myself. I am Benjamin Robinson, Building Commissioner for the City of Gary Building Department, responsible for establishing, implementing and enforcing rules and regulations for property construction within the corporate city limits. I write this letter in support of the City of Gary's request for financial assistance from the Indiana Distressed Unit Appeals Board.

The current administration, led by the Mayor, Rudolph Clay, inherited a tremendous financial deficit due in part, to an erosion of the City's tax base.

Despite this financial difficulty Mayor Clay and his administration have exerted tremendous efforts to maintain a clean, safe and functioning city. However, their efforts have been severely hindered due to Gary's tax base erosion, and the 1% tax cap recently imposed on property taxes.

It is not the City's fault that the revenue necessary to maintain a clean, safe and functioning city will fall far short of the city's needs. Rather, the lack of revenue is due to factors outside the city's control. Therefore, it is incumbent upon the Board to provide the City of Gary the relief requested in order to ensure that the citizens of Gary, and as citizens of the State of Indiana, are able to continue to reside in a safe, clean and functioning city.

Thank you for your time and consideration of this letter and your support for the City of Gary.

Sincerely,

Benjamin Robinson
Building Commissioner

GILBERT KING, JR., P.C.
ATTORNEY AT LAW
1001 N. SHELBY ST.
GARY, INDIANA 46403
219-938-8302 TEL./219-938-8304 FAX

December 30, 2008

The Distress Unit Appeals Board

Dear Sirs:

I am a lifelong resident and tax payer of the City of Gary, Indiana. I whole heartedly support the City of Gary's Appeals Petition. If you fail to grant this Petition, the City of Gary will be devastated and unable to perform the basic public services, such as fire and police protection for its citizens at an acceptable level of standard.

Therefore, I urge you to grant the City of Gary's Petition.

Sincerely,

GILBERT KING, JR.
ATTORNEY AT LAW

THE TIMES

EDITORIAL:

Scrutinize Gary's finances carefully

Monday, December 15, 2008

When the Indiana General Assembly established property tax caps, state lawmakers were already planning how to deal with Gary.

When the Indiana General Assembly established property tax caps, state lawmakers were already planning how to deal with Gary.

Gary has no choice but to seek the state's help after being socked by a series of financial setbacks, some of them the city's own doing but many of them not. Mayor Rudy Clay is holding a town hall meeting tonight to discuss why the city has been brought to its knees before the new Distressed Unit Appeals Board and where it goes from here.

That board was set up to deal with units of local government in distress because of the property tax caps.

The city has casino revenue, but the city is locked in litigation with Majestic Star owner Don Barden, and meanwhile the distribution that normally would go directly to the city is being put into escrow pending the resolution of the lawsuit.

The sour economy has clobbered the city as well. Each time a property is foreclosed, the city loses the property tax revenue from it.

Gary also has had to deal with a legacy of neglect. When Mayor Rudy Clay took office, for example, he inherited \$4 million in overdue NIPSCO bills. The city issued a bond -- borrowed money -- to pay off its overdue utility bills.

The tales of woe go on and on.

But the focus now must no longer be on how Gary got to this point but how to get away from it as quickly as possible.

Gary Controller Celita Green has detailed fixed costs the city cannot reduce significantly -- worker's compensation and unemployment insurance, utility bills, postage and the like -- and steps the city is taking already, including putting workers on four-day weeks since Aug. 18 to shave expenses.

The city's reorganization plan calls for additional cuts, including further staff reductions and closing all but two of the city's swimming pools. It also is predicated upon adoption of a 1 percent county option income tax in 2012, something two of the three county commissioners campaigned against.

The alternative, Gary officials say, is to cut the fire and police department staffs in half and get rid of all other city employees. That's not an option. Ensuring public safety in Gary requires more police officers and firefighters than that.

The Distressed Unit Appeals Board owes it to Gary's taxpayers to scrutinize the city's numbers carefully. The city needs a bailout, but so do the taxpayers. The state board members need to carefully examine all these numbers to see whether there are additional ways the city could cut costs without impairing essential services.

If you go

Gary Mayor Rudy Clay's town hall meeting seeking public comment on the city's finances is at 5:30 tonight at the Genesis Center in downtown Gary.

Post-Tribune

NORTHWEST INDIANA'S LEADING NEWSPAPER

State Appeals Board must lend Gary a hand

December 15, 2008

Gary Mayor Rudy Clay isn't Chicken Little, but the sky actually could be falling in Gary.

The Steel City is a prime example that when it comes to taxation, one size doesn't fit all.

The city last week filed an appeal with the Indiana Distressed Unit Appeals Board. It is seeking relief from the 1 percent cap on property taxes, which will cripple the city financially.

Gary is right, and we hope the Appeals Board will grant the request to allow the city to raise property taxes and give the city until 2012 to drastically reduce its budget.

The state's new property tax caps enter Phase II in 2009, and Gary would be forced to lay off 71 police officers and 74 firefighters next year and about 800 other employees by 2010, the city said in its appeal.

The city predicts that Gary will see just \$31.9 million in property tax revenue for its 2009 general fund. The City Council has approved a 2009 budget with a \$63 million general fund.

While Gary can trim its budget by more than it has, going from \$63 million to \$31 million is absurd.

Things beyond the city's control have decimated Gary. Foremost was the drastic reduction in the amount of property taxes paid by U.S. Steel -- the city's largest taxpayer. That tax reduction, coupled with a reassessment that wrongly inflated the value of some property in the Miller section of the city, sent taxes soaring.

Gary, too, is a poor city, impacted heavily by flight from the city as well as the downturn in steel more than two decades ago. Its tax base is a shadow of what it once was. While Gary must continue to function, it isn't the city's fault that it won't have enough revenue. It is incumbent upon the Appeals Board to help the city stay afloat.